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ABSTRACT

This paper describes a state-sponsored management assistance project for improving the cost-effectiveness of school food services. First, the history, rationale, and present function of the Division of Management Assistance in the Pennsylvania Department of Education is described. Its primary purpose is to assist schools with fiscal problems in regaining financial stability. Food service has been identified as a major area in need of intervention by the management assistance team, because of the statewide increase in general fund support for food service operations, the increasing number of requests for state assistance (in the food service area) from school boards and superintenderts, and the rising incidence of externally contracted food service. The procedure for addressing this need is then described. Letters offering assistance in this area were mailed, and, because of the large number of requests received in response, the department has enlisted the outside support of the Pennsylvania School Food Service Association for additional management consultants. Food service directors from financially sound districts are to be sent for 3-day visitations to analyze operations in targeted schools, using an onsite survey instrument A final report is to be prepared by the consultant, based on the results of the survey analysis, in conjunction with the state office. A sample report, issued to prospective consultants, is described. (TE)

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# Improving the Cost-Effectiveness of School Food Services: A Management Consultation Approach

by Dr. Donald E. Boyer, Director
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Although our specific topic today is school food services, it is important, first of all, to talk about the general concept of management assistance, how and why it began in the Commonwealth of Pennsylvania and the procedures that are used to help school districts that are having fiscal problems.

Toward the end of the 70's, it became apparent through our work in the Department with the various subsidies -- and with our day to day contact with district superintendents and business managers -- that schools were confronted by an era of unprecedented challenge and change. On the one hand, schools were faced with the immediate problems of declining enrollment and shrinking resources; on the other, with the future educational potentials of advanced technology and research. It had become ultimately clear to us that the industrial age had been replaced by the technological. The impact of this change on the environment in which our schools were operating -- and are still operating -- created the need for educators to reexamine not only how and what they were teaching, but also the manner in which our schools were organized, financed and managed.

The concept of having a management assistance team at the state agency level to assist local school districts in these endeavors was initiated in the Department by Dr. George D. Sauers and myself in response to the various changes occurring in the educational community.

With all the subsidy data available to us, it was not hard to convince Pennsylvania's Secretary of Education of the need for a management assistance

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team which would operate at the Departmental level. He was, after all, acutely aware of the fiscal problems schools were experiencing and their impact on the delivery of educational services.

The task remaining was to get together a team of individuals who were already employed by the Department and who had expertise in various areas of fiscal management -- personnel, policy and administration, budget development, plant operation and maintenance, transportation and, of course, school food services.

The management assistance team was organized in a relatively short time period and was placed in the organizational unit of the Department having control of subsidies and other fiscal matters, under the purview of Dr. Sauers, who was, at that time, the Director of the Bureau of Management Support Services, and myself, then Chief of the Division of Fiscal Administration and Management. As word of the existence of the management assistance team spread throughout the state's educational community, more and more schools began to request the team's assistance. As fiscal resources tightened and requests for assistance became more numerous, the management assistance team moved from unit to division status, thus highlighting the importance placed on the management assistance team concept by the Secretary of Education and by educators throughout the state.

Today the Division of Management Assistance is an important function of the Department's Bureau of Budget and Management, which I currently direct. Requests for management assistance are received regularly and may involve a comprehensive analysis of the entire management of a school or a specific part

of school management -- like school food services. Our teams consist of, not only personnel from within the Department, but also superintendents, business managers, transportation specialists, school food service directors and others with proven expertise in their fields.

About eight months ago, the management assistance team concept moved in an important new direction. A school district in Western Pennsylvania became bankrupt and, under the provisions of the Pennsylvania School Code, the body of laws governing school districts in the state, the district was declared "distressed" by the Secretary of Education. Under the law, when a district is declared "distressed", the regular school board loses its decision-making authority end a Board of Control is named by the Secretary to govern the affairs of the District until such time as a sound financial structure is restored. This Board of Control consists of a Chairman - who, in this case, happens to be me -- and two additional members who are were appointed through petition to the Court of Common Pleas of the county in which the district is located.

This District was the first to be declared distressed and placed under the purview of a Board of Control since 1974. As you can imagine, the distressed status of this district caused a considerable amount of concern and controversy throughout the educational community. Questions concerning the Department's role in assisting school districts in financial trouble, as well as other issues relevant to this particular district, were reviewed. As a direct result of recent events, the management assistance team is now charged with pro-actively identifying and contacting districts that appear to be heading for distressed status and offering that assistance needed by the districts to achieve financial stability.

This identification of potential candidates for management assistance is currently being accomplished through a review of documentation, including school district budgets and annual financial reports, submitted to the Department of Education. Districts with unusually high expenditures in comparison with revenues in total or significant expenses in given line items are identified by the management team and targeted for visitation once the written approval of the superintendent and school board is received.

One of the major areas that has been analyzed and indicates a definite need for intervention by the management assistance team is cafeteria operations. The team analyzed three sources of information that demonstrates a crucial need for assistance in this area.

First, our analysis of the annual financial reports of Pennsylvania's 501 school districts from 1977-78 to 1982-83 revealed an alarming increase in general fund support of food service operations. In school year 1977-78 this support amounted to slightly more than 7 million dollars; by the 1982-83 school year, this support had more than doubled to nearly 17 million dollars of local, tax-supported funds for the operation of school cafeterias. This increase in local support was most significant during the 1980-81 school year, marking the implementation of the Omnibus Reconciliation Act, which reduced the amount of federal funds made available to districts to support their food service operations.

In response to this increase in local support, the numbers of requests received from superintendents and school boards for management assistance in the area of school food services has significantly increased. Only eight requests were received prior to the 1980-81 school year. In comparison during

the 1983-84 school year, 32 requests for assistance in cafeteria management were received.

The need for assistance in school food service management may also be indirectly demonstrated by the growing numbers of school districts throughout the Commonwealth that have contracted with food service management companies to operate their food service programs. One must assume that at least one of the major reasons for opting for a contracted operation is the inability on the part of a school district to effectively manage its own cafeteria. In 1977-78, of the 501 Pennsylvania school districts, 36 contracted with food service management companies for the operation of their cafeterias. During the 1983-84 school year, 75 district cafeterias were operated by food service management companies - an increase of 108 percent.

The analysis made it clear that school food service operations in Pennsylvania were headed for serious problems, thus adding to the potential for more distressed school districts.

Letters offering assistance in the food service area were mailed to the superintendents of those districts, that had significantly increased local support of cafeteria operations in recent years. The letter made clear that the Department deemed local support of cafeteria operations to have merit, if such local support were philosophically condoned by the board of directors, but that the Department stood ready to assist any district whose food service program was experiencing financial problems.

As requests for management assistance mounted in response to the letters, it became clear that members of the management assistance team would be physically incapable of performing the vast numbers of on-site visitations required to fulfill these requests. A decision was thus made to enlist the support of individuals outside the Department to help with this management assistance effort. As in past endeavors in other school management areas, the team decided to obtain individuals in the school food service area who had proven track records in the management of their own food service programs.

We contacted the Pennsylvania School Food Service Association (PSFSA), the State version of the American School Food Service Association (ASFSA), a professional association of school food service personnel. Following a presentation during which we revealed our findings on the health of Pennsylvania school food service operations and explained our plans for pro-active management assistance in the school food services area, the PSFSA agreed to help us out in this endeavor. Because time constraints prevented us from meeting personally with food service directors who expressed interest in this project, a questionnaire was developed in an attempt to make the selection process easier.

First of all, it was important to match an individual with a food service operation that was approximately the same size and had an average daily participation, a similar number of cafeteria employees and the same type of overall operation as the school district targeted for visitation. These questions were thus asked of those selected by the PSFSA committee.

Next, it was crucial that the food service director could be released from his or her duties at the district in which he or she was employed for at least

a three-day period, since it would require this much time, including travel, to give the targeted food service operation a thorough analysis. Although the Department obtained as much information as possible prior to the visit to minimize, to the greatest extent possible, the amount of time that the selected food service director would be away from his or her job, the review, on the average, would still require the selected individual to be absent for three working days. We requested the signature of the district's superintendent on the questionnaire to assure us that the chief school officer had no problems with the food service director's absence and could plan accordingly.

Finally, we needed to assure that the individuals chosen for visitation had had successful school food service operations themselves. Responses were thus screened by the PSFSA Executive Committee as well as by our own staff and crosschecked with fiscal data made available through the Department's Child Nutrition Office.

Once the selection process had been finalized, the next step was the development of an on-site survey instrument that would to the extent possible, cover all aspects of a cafeteria operation that might impact on its fiscal well-being. Using a survey instrument that we had previously developed as a foundation, we expanded and refined the document through meetings with committees of food service directors and business managers with established expertise.

The instrument that resulted from this expansion and refinement is divided into several sections, allowing teams of two or three individuals to divide tasks among them.

The introduction (page 2) makes it clear that the purpose of the visit is for assistance, and not for validation, purposes. Our goal is not to audit the district's cafeteria program with respect to rules and regulations but to help schools better manage their cafeteria programs.

This introduction also gives a timeline for the receipt of the filled-out survey instrument to assure that the school gets the most rapid feedback possible from the visit; we have learned through other management assistance endeavors that a written report submitted to the visited school soon after the visitation has a substantially more positive impact than one received at a later date. My staff members prepare the final report and retain editorial control over the reporting process.

Part I (page 1), the Narrative, requests information regarding staff members interviewed and documents analyzed as well as a paragraph or two giving the positive aspects of the school's cafeteria operation. In a report that is designed to highlight problems and recommend change, it is important that favorable information is also included.

Part II (page 5), the Questionnaire, is sub-divided into 9 parts -- participation; labor; meal service; contracted operations; fiscal management; inventory, storage and purchasing; equipment; and general.

Participation (page 5) is often considered the key to successful food service operations, because it is directly related to the financial success of a food service program. Questions here were designed to elicit the reasons for

any participation decline in the visited school so that specific recommendations can be developed to increase participation by students.

With food service operations, as with other programs operated by school districts, the cost of labor, which is often unionized, is relatively more expensive than the cost of food and milk combined. Thus the section on Labor (page 9) requires the management consultant to compute the numbers of meals produced per labor hour in the visited school and to compare these numbers with Pennsylvania standards of 12 to 15 meals per labor hour for self-preparation kitchens, 15 to 18 for kitchens that receive bulk-satellited meals and 18 to 21 for those that receive pre-plated meals.

The section on Meal Service (page 13) covers the student and adult pricing structure, plate costs, a la carte items, portion control, and the standardization of recipes. In addition, this section reviews donated foods processing and utilization, offer versus serve and other salient factors related to the production and distribution of meals.

Contracted Operations (page 20) permits the consultant to perform a thorough analysis of the contracts for those food service operations that are, at least in part, controlled by food service management companies. The consultant attempts to identify those specific services performed by the school and those performed by the management company, and the costs related to these services, through use of the Cost Responsibility Checklist. (Refer to page 39.) This section also covers any contracts or agreements the school may have to prepare meals for outside agencies and any possible central purchasing or central warehousing agreements.

The section on Fiscal Management (page 23) allows the consultant to perform a brief audit check to assure adequate fiscal control is being maintained and to identify any monies that may have been contributed or donated from the school district's general fund. Also identified are any goods or services paid from the general fund that perhaps should have been expended from the cafeteria fund.

Inventory, Storage and Purchasing (page 30) examines the procedures used in the purchase and receipt of materials. The audit checks permit the consultant to recommend the most efficient procedures for inventory, storage and purchasing for the specific school district visited.

The section headed Equipment (page 33) encourages the consultant to analyze the condition of the school's food service equipment and to identify specific items that may be in need of repair, replacement or disposal.

Upper Level Management (page 35) elicits comments on the relationship between the superintendent, school board and business manager and the school food service operation. Accountability, school-wide policies. hierarchical relationships and upper-level management decision-making are the important topics covered here.

The section labeled General (page 37) requires the consultant to sit back and look at the food service operation from a general perspective and to analyze the total meal delivery system in terms of self-preparation and bulk or pre-plated satelliting to come to grips with what may be the most successful overall strategy for the school district visited.

Since the actual implementation of this project, including the on-site visitation process, has not yet occurred, we are, at this time, planning a one-day training session to familiarize our new management consultants in the management consultation process in general and the contents and proper disposition of the survey instrument in particular.

It will be important for them to learn that initial contact and conversation about the team visit must be made with the superintendent and any others he or she may wish to invite to the meeting. Once the visitation process is completed, an exit conference is also arranged with the superintendent and whomever else he wishes to have present. At this conference, the team members review the more salient findings of the team. A formal report is then issued by the Department within an established time frame.

You have available a sample copy of a formal report written by members of my staff. We anticipate that the reports on future visitations will be similar, if not more inclusive, in scope and format. In the future, we also plan to develop an instrument designed in such a way that a school district superintendent can analyze his or her own food service operation. There is no doubt that, in this age of declining resources, school food services, like all other aspects of school management, must be operated as a serious business enterprise to achieve success. Based on the positive responses, from superintendents and school board members, to our previous efforts, it is clear that school districts place a great deal of value in the expertise and judgement that a management assistance team, composed of qualified individuals, can bring to the on-site review process.

Those of you here today, who are not representatives of state education agencies, may be asking yourselves, "What can I do about this? I'm not a consultant." Through your memberships in local organizations, such as those associated with your own states' ASBO or ASFSA counterparts, or on your own, you can become actively involved in meeting with other business managers or school food service directors to organize your own peer group management consulting teams. Teams of two, three or four individuals from various backgrounds of self-preparation, satelliting, or various combinations of these, would adequately serve the peer consultant process. Within your local or state associations, there will be members that are having problems. With adequate planning, preparation and teamwork, you can help them and, quite possibly, help yourself in the process.

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